

UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON 25, D.C.

ADDRESS REPLY TO
"U.S. CIVIL SERVICE COMMISSION"
AND REFER TO

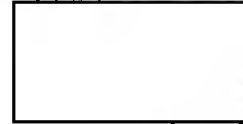
FILE

AND DATE OF THIS LETTER

NOV 2 1960

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[redacted] President
Government Employees Health Association, Inc.
2430 E Street, N. W.
Washington, D. C.



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Dear [redacted]

Enclosed for your information is a copy of a Notice to Health Benefits Carriers concerning the recently-enacted Retired Federal Employees Health Benefits Act. This notice appeared in the Federal Register of October 25, 1960.

Under the new law, certain annuitants who are retired Federal employees or survivors of deceased Federal employees may receive a Government contribution toward the cost of enrollment in a health benefits plan which meets the requirements of the law as outlined in the enclosed notice under the heading "Private Health Benefits Plans." Your plan may meet these requirements.

Each eligible annuitant who is enrolled in a health plan meeting these requirements will have the Government contribution added to his annuity check. The annuitant will continue to pay his subscription charges directly to the plan in which he is enrolled. We will ask that plan to certify as to the annuitant's enrollment, the cost of the plan to him, and perhaps other related items.

As stated in the notice, the Civil Service Commission intends to compile a list of health benefits plans, enrollment in which will qualify annuitants for the Government contribution. This listing may also indicate those health benefits plans which are willing to consider new enrollments from such annuitants.

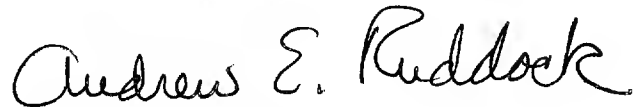
If you sponsor one, we invite you to submit the name of your health benefits plan for inclusion in this list. In submitting the name of your plan, indicate the length of time the plan has been operating. Also, please give the total number of members of the sponsoring organization, the number who are Federal employees or retired Federal employees, and the name of the insurance carrier, if

-2-

any, underwriting the health benefits plan. If less than 50% of the members of the organization are Federal employees or retired Federal employees, and the plan is underwritten by an insurance company, indicate whether the carrier underwriting the plan is licensed to do business in all States and in the District of Columbia. Please also indicate if your organization is willing to accept annuitants who are beneficiaries under the new law as new members and permit them to enroll in your health benefits plan. If yes, please state what limitations (age restrictions, good health requirements, etc.), if any, are imposed by your plan.

Please submit your letter as soon as possible and no later than December 1, 1960.

Sincerely yours,

A handwritten signature in cursive script that reads "Andrew E. Ruddock". The signature is written in dark ink and is positioned above the typed name and title.

Andrew E. Ruddock
Director

Enclosure

UNITED STATES CIVIL SERVICE COMMISSION
RETIRED FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM
NOTICE TO HEALTH BENEFITS CARRIERS

Excerpt from the Federal Register of Oct. 25, 1960

General Statement

This notice is addressed to those carriers which are voluntary associations, corporations, partnerships, or other nongovernmental organizations which lawfully offer health benefits plans.

For the purposes of this notice, a "health benefits plan" is an insurance policy or contract, medical or hospital service arrangement, membership or subscription contract, or similar agreement provided by a carrier for a stated periodic premium or subscription charge for the purpose of providing, paying for, or reimbursing expenses for hospital care, surgical or medical diagnosis, care, and treatment, drugs and medicines, remedial care, or other medical supplies and services, or any combination of these.

Public Law 86-724 (74 Stat. 849) enacted September 8, 1960, provides for a Government contribution toward the cost of health insurance for certain retired former employees of the United States, and survivors of former employees, who are not covered by the Federal Employees Health Benefits Act of 1959. An estimated 400,000 retired former employees and survivors will be eligible for the benefits provided by Public Law 86-724 beginning July 1, 1961. No new members can be added to the class of persons benefiting under Public Law 86-724. Under the law, a beneficiary who wishes to participate may elect to do so in one of two ways.

Private Health Benefits Plans

He may elect to receive a Federal contribution toward the cost of his private health benefits plan. The contribution will, in most instances,

- 2 -

initially be \$3.00 for single enrollment and \$6.00 for a family enrollment, and will be made directly to the beneficiary, who will continue to be responsible to the carrier for payment of premiums or subscription charges.

The Commission can contribute toward the cost of private health benefits plans only if provided by a carrier which is lawfully engaged in providing health benefits and has done so for at least one year prior to the date the contribution is made. Additionally, if the carrier is an insurance company, it must be licensed to issue individual or group health insurance in all the States and the District of Columbia, except that this licensing requirement does not apply to a group plan sponsored by an association whose membership is at least 50 percent Federal employees and retired Federal employees. The beneficiary need not have been a subscriber for private health insurance for any prescribed length of time.

The Commission expects that it will receive requests from various sources asking (a) for the names of private health benefits plans, enrollment in which will qualify the beneficiary for the Government contribution and (b) for the names of qualifying health benefits plans which are willing to consider new enrollments. The Commission intends to compile a list of qualified plans for readily answering these requests. If it is feasible to do so, the Commission may distribute to all beneficiaries a list of qualified carriers and indicate thereon which are willing to consider new enrollments of beneficiaries.

The Commission invites and urges all carriers of qualified plans to submit their names for inclusion in this proposed list. Submissions should be made by each carrier by letter as soon as possible, but not later than

- 3 -

December 1, 1960, and should state how long the carrier has been providing health benefits and whether the carrier is an insurance company. If the carrier is an insurance company, the submission should state whether it is licensed in all of the States and the District of Columbia.

The Commission will include the names of employee (including retired employee) organizations sponsoring health benefits plans in the proposed list. The employee organization should submit information by letter as soon as possible, but not later than December 1, 1960, and should state how long it has been providing health benefits, the total number of members, the number of members who are Federal employees or retired Federal employees, and the name of the underwriting insurance company, if any. The underwriting insurance company should not submit its name for inclusion in the proposed list unless it is itself qualified as specified above.

Any carrier which is willing to accept new enrollments of beneficiaries under Public Law 86-724 is invited to inform the Commission of this fact. The Commission will be interested in any limitations on new enrollments, such as age restrictions, geographical limits within which the plan operates, good health requirement, and the like. These limitations are not disqualifying, but may be noted in the proposed list of plans. The list will refer beneficiaries directly to carriers for further information.

Government-wide Plan

Alternatively, the beneficiary may enroll in a uniform Government-wide plan furnished by a carrier under contract with the Civil Service Commission. If he does, the Government will contribute toward the cost of the enrollment in the same amount as for enrollment in a private plan, and the balance of the cost will be met by deduction from his annuity.

- 4 -

Because of the geographical dispersion of beneficiaries, the carrier of the Government-wide plan must be able to provide uniform benefits on a world-wide basis. The Commission may select any carrier with this capability, except that, if the carrier is an insurance company, it must, under the law, (1) be licensed to issue group health insurance in all the States and the District of Columbia, and (2) in the most recent year for which data are available, have made group health insurance benefit payments in the United States equal to at least one per cent of all such payments made in that year.

The Commission has notified, by direct mail, all carriers known to the Commission which appear to have the necessary qualifications for selection as carrier of the Government-wide plan.

Regulations governing the Retired Federal Employees Health Benefits Program will be issued later, after public notice.